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NOTE BY THE SECRETARY-GENERAL

The Secretary-General has the honour to transmit to the members of the Security Council the attached letter dated 27 May 1994, which he has received from the Director General of the International Atomic Energy Agency (IAEA).

Annex

Letter dated 27 May 1994 from the Director General of the International Atomic Energy Agency (IAEA) addressed to the Secretary-General

In my letter to you of 19 May (S/1994/601, annex), I asked you to bring an important new development in the Democratic People's Republic of Korea to the attention of the Security Council. This was that, despite Agency requests to the contrary, the Democratic People's Republic of Korea had started operations relating to the refuelling of its 5 MWe experimental nuclear power reactor without allowing safeguards activities stated by the Agency as being indispensable at the time of the refuelling. I explained inter alia in my letter our conclusion, based on reports received about the discharge operation from Agency inspectors in the Democratic People's Republic of Korea, that a further discharge of fuel rods from the reactor without enabling the Agency to select, segregate and secure fuel rods for later measurements, as requested, would result in irreparable loss of the Agency's ability to verify whether all nuclear material subject to safeguards in the Democratic People's Republic of Korea is in fact under safeguards and has not been diverted. I also said that the Agency had proposed to the Democratic People's Republic of Korea to send a team of officials there immediately to discuss arrangements necessary for the implementation of the safeguards measures required.

In a telex of 21 May, the Democratic People's Republic of Korea declined to accede to the Agency's request to suspend the refuelling operation "due to the present situation of the reactor and technical safety reasons". The Democratic People's Republic of Korea also reiterated its position, given in its telex of 12 May, that the safeguards activities requested by the Agency would be permitted "if the further round of Democratic People's Republic of Korea-United States of America talks would take place even during the core refuelling operation, enabling us (Democratic People's Republic of Korea) to remove the Democratic People's Republic of Korea's unique status within the framework of a package solution to the nuclear issue". The Democratic People's Republic of Korea nevertheless agreed to receive Agency officials to discuss "the matter related to the refuelling operation". The Agency had made clear that the purpose of such discussion would be to reach agreement on how to proceed with the implementation of the timely and appropriate selection and securing of fuel rods for later measurements.

A team of two Agency officials left Vienna on 22 May, arriving in the Democratic People's Republic of Korea on 24 May. Over a three-day period, that is, from 25 to 27 May, the team had extensive discussions with officials of the Democratic People's Republic of Korea in Pyongyang and with operators of the experimental nuclear power reactor at Nyongbyon in an attempt to reach agreement about how to proceed with the implementation of the safeguards measures required. Unfortunately no agreement was reached. During the discussions, representatives of the Democratic People's Republic of Korea declined to address

the matter of Agency selection and securing of fuel rods from reactor core channels for later measurements. They did so on the grounds that measures such as these came within the scope of inspection activities which did not apply to the Democratic People's Republic of Korea in view of its "unique" status which means, in its view, that it is not obliged to accept inspection activities designed to verify whether diversion of fuel has taken place in the past. A proposal of the Democratic People's Republic of Korea to reserve for the Agency the possibility of later measurements of fuel rods was examined carefully by the Agency but, for important technical reasons, could not be accepted. This particular proposal would prevent the Agency from being able to measure, with sufficient confidence, whether nuclear material from the reactor has ever been diverted, the more so because no adequate and verifiable records are being kept.

The inadequacy of the Democratic People's Republic of Korea's proposal was made clear to their representatives. During the final round of discussions, which took place on 27 May, and in order to make progress, the Agency team put forward an alternative proposal which accommodated the technical requirements of the Democratic People's Republic of Korea relating to the refuelling but which nevertheless preserved Agency requirements. However, the Democratic People's Republic of Korea declined to accept the Agency's proposal on the grounds that this type of discharge would constitute selection and segregation of fuel which would not meet their "political constraints". They did so even though the Agency had again pointed out that the proposal of the Democratic People's Republic of Korea would not guarantee the preservation of data required to permit fulfilment of the Agency requirements for the verification of the history of the reactor core. The representatives of the Democratic People's Republic of Korea also declined to accept the Agency team's suggestion to defer the discharge operation temporarily.

The Agency team had also reported that the fuel discharge operation at the reactor was proceeding at a very fast pace which was not in line with information previously conveyed to the Agency and which did not appear to be dictated by any compelling safety consideration. At the time of writing this report, almost half of the fuel in the reactor core has been discharged and in a pattern that has precluded the Agency's ability to implement the full range of the safeguards measures required.

The Agency assesses that if the discharge operation continues at the same rate, as the operator has confirmed will occur, the Agency's opportunity to select, segregate and secure fuel rods for later measurements in accordance with Agency standards will be lost within days. Should this be the case, the Agency will not be in a position to verify, with any degree of confidence, that all nuclear material in the Democratic People's Republic of Korea that is subject to safeguards is in fact under safeguards. Specifically, the Agency will not be in a position to verify the amount of plutonium produced in the Democratic People's Republic of Korea.

I shall keep you informed about any further developments. The Agency officials who arrived in the Democratic People's Republic of Korea on 24 May will return to Vienna tomorrow, 28 May. Two of the inspectors engaged in completing activities at the radiochemical laboratory will remain in the Democratic People's Republic of Korea to report to the Agency further on the situation.

I should be grateful if you would bring this letter to the attention of the Secretary-General.

(Signed) Hans BLIX